

## **IC 27-15-11**

### **Chapter 11. Use of a Closed Block**

#### **IC 27-15-11-1**

##### **Applicability of chapter**

Sec. 1. This chapter applies if a closed block is used for the preservation of the reasonable dividend expectations of eligible members and other policyholders.

*As added by P.L.94-1999, SEC.3.*

#### **IC 27-15-11-2**

##### **Preparation of written plan of operation**

Sec. 2. The converting mutual shall prepare a written plan of operation for the closed block, consistent with the requirements of this article.

*As added by P.L.94-1999, SEC.3.*

#### **IC 27-15-11-3**

##### **Operation of closed block; nonreversion of assets**

Sec. 3. The closed block shall be operated for the exclusive benefit of policies and contracts included in it. No costs or expenses incurred in connection with the conversion shall be charged to the closed block. Subject to termination of the closed block under section 7 of this chapter, none of the assets allocated to the closed block or the revenue derived from those assets may revert to the benefit of the stockholders of the former mutual or any parent company.

*As added by P.L.94-1999, SEC.3.*

#### **IC 27-15-11-4**

##### **Sufficiency of assets**

Sec. 4. The assets allocated to the closed block, together with the revenue from the closed block, must be reasonably sufficient to:

- (1) support the business in the closed block until the time the last policy in the closed block has terminated, including payment of claims and those expenses and taxes as are specified in the plan of conversion; and
- (2) provide for:
  - (A) continuation of dividend scales in effect on the date the board of directors adopted the resolution proposing the plan of conversion, if the experience underlying those scales continues; and
  - (B) appropriate adjustments in the scales if the experience changes.

*As added by P.L.94-1999, SEC.3.*

#### **IC 27-15-11-5**

##### **Designation of assets**

Sec. 5. The assets assigned to a closed block shall be specified in the plan of operation and must consist of:

- (1) a list of designated assets of the converting mutual's general account or specified segments of the converting mutual's general account, which list shall change periodically to reflect the acquisition and disposition of assets;
- (2) a designated portion of each and every asset of the converting mutual's general account or specified segments of the converting mutual's general account, which portion shall change periodically to reflect the cash flows of the closed block; or
- (3) assets designated by a combination of the methods described in this section.

*As added by P.L.94-1999, SEC.3.*

#### **IC 27-15-11-6**

##### **Methods for assignment or designation of assets**

Sec. 6. The plan of operation must specify the following:

- (1) The method of assignment of closed block assets referred to in section 5 of this chapter that is being used.
- (2) The methods by which the designations of assets or portions of assets are changed during the course of closed block operations.

*As added by P.L.94-1999, SEC.3.*

#### **IC 27-15-11-7**

##### **Conditions for ceasing maintenance of closed block**

Sec. 7. The plan of operation must provide for the conditions under which the former mutual, with the approval of the commissioner, may cease to maintain the closed block.

*As added by P.L.94-1999, SEC.3.*

#### **IC 27-15-11-8**

##### **Annual reports and reviews of former mutual**

Sec. 8. The former mutual shall:

- (1) submit to the commissioner annual reports, in a form acceptable to the commissioner, that account for and describe the operations of the closed block; and
- (2) as specified in the plan of operation, provide at least every three (3) years for reviews of, and reports and opinions on, the closed block by an independent actuary, unless otherwise directed by the commissioner.

*As added by P.L.94-1999, SEC.3.*